



This is a joint submission from **Effective Altruism Australia** and **Effective Altruism Australia: Environment**.

- Effective Altruism Australia (**EAA**) is a large Australian Public Benevolent Institution (PBI) that has provided almost \$20m in grants since 2017 to deliver the most impactful interventions that improve global health and alleviate poverty, like the provision of insecticide-treated bed nets. EAA has been evaluated as highly cost-effective and recommended by international evaluators Founders Pledge and Giving What We Can,<sup>1</sup> the only Australian charity to meet this bar.<sup>2</sup>
- Effective Altruism Australia: Environment (**EAA:Environment**) is a newly established charity listed on the Register of Environmental Organisations that is currently identifying and partnering with the world's most impactful environmental charities to give Australians access to the best evidence-based interventions to protect and advance the natural environment. EAA:Environment's objective is to be the highest-impact environment charity in Australia.

The effective altruism community in Australia is excited about the modernisation of Australia's regulation of the philanthropic sector and is well-placed to comment on how today's Australians think about impact, volunteering and improving Australia's social fabric through charity.

Effective altruism is a growing movement that appeals to people across the world, particularly young people, and inspires them to take altruistic actions. Building community and bringing people together to improve the world is at the heart of the movement. The same is true for donations. Giving What We Can—a part of the effective altruism community co-founded by Australian Dr Toby Ord—has inspired thousands of people to give 10% of their lifetime income to the world's most effective charities.

Despite the common purpose between EAA and the values of Government as expressed in the Terms of Reference of this inquiry and the associated media release—specifically growing community spirit and increasing charitable donations—EAA is facing significant regulatory obstacles.

The unifying theme of this submission is that Australia has the ability to harness opportunities and allow philanthropy in Australia to grow by making impact a central principle of philanthropy.

- People care about supporting charities that are both personally meaningful and impactful.<sup>3</sup> For example, people donate more to charities when they understand how the charity works because it increases their confidence that their donation will have an

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<sup>1</sup> [Global Health and Development | Founders Pledge](https://www.givingwhatwecan.org/charities/effective-altruism-australia)  
<https://www.givingwhatwecan.org/charities/effective-altruism-australia>

<sup>2</sup> [Cause Area Report: Giving Multipliers | Founders Pledge](#)

<sup>3</sup> [Boosting the impact of charitable giving with donation bundling and micromatching \(science.org\)](#)

impact.<sup>4</sup> In addition to increasing donations, donors are more satisfied when they understand the direct benefit from their donation, like buying a bed net for a child in Africa.<sup>5</sup> This is a self-reinforcing cycle – showing people how impactful charity can be will drive growth in philanthropy.

- Similarly, today's Australians are motivated by highly impactful causes, but organisations working in those areas do not qualify for Deductible Gift Recipient (DGR) status. This leads to fewer impactful organisations working on the causes that today's Australians are passionate about being founded or funded, and hence fewer chances to stitch together people and communities around those causes. Realigning Australian philanthropy around impact will empower organisations to build social capital and connectedness in Australian communities.

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<sup>4</sup> [Creating compassion: How volunteering websites encourage prosocial behaviour - ScienceDirect](#)  
[Winning heads and hearts? How websites encourage prosocial behaviour: Behaviour & Information Technology: Vol 40, No 9 \(tandfonline.com\) The donor is in the details \(cmu.edu\)](#)

<sup>5</sup> [Making a difference matters: Impact unlocks the emotional benefits of prosocial spending - ScienceDirect](#)

# Table of Contents

Table of Contents.....	3
Responses to Terms of Reference.....	4
1. Reform the Deductible Gift Recipient (DGR) framework.....	6
2. Allow Public Benevolent Institutions (PBIs) to hold multiple charitable purposes.....	9
2.2. PBI rules hamper our ability to connect Australian communities.....	9
2.3. Effective Altruism is not alone in calling for changes to DGR.....	12
2.3.5. Case study: International Campaign to Abolish Nuclear Weapons (ICAN).....	13
3. Charity evaluation.....	14
3.2. Challenges and nuance to charity evaluation.....	17
4. Income, outgoings and brain drain.....	22
4.4. Impact focus attracts investment in Australia.....	23
5. Conduit Policy and other specific accounting requirements.....	24
5.2. Conduit Policy.....	24
5.3. Calculation of interest and the “deposited into” and “kept separate” requirements.....	25
5.4. A broader problem of complex regulations.....	26
6. Workplace giving.....	27
6.2. Infrastructure.....	27
6.3. Nudges.....	28
6.4. Synergy with charity evaluation.....	29
6.5. Value of Government data.....	29
7. Advocacy.....	30

## Responses to Terms of Reference

1. *Consider the tendencies and motivations for Australians' charitable giving, including through different donation channels such as workplace giving, bequests, private foundations, in-kind donations, and volunteering.*

**We believe that workplace giving is currently underutilised (see section 6.). Government could address this by:**

- **Providing trustworthy infrastructure for workplace giving (6.2.);**
  - **Implementing “nudges” that foster workplace giving (6.3.); and**
  - **Using data to refine its approach based on evidence of effectiveness (6.5.).**
2. *Identify opportunities to increase philanthropic giving and the extent of their potential impact, including:*
    - i. *The role of, and effectiveness of, foundations in encouraging philanthropic giving and supporting the charitable sector.*
    - ii. *Successful public strategies in other jurisdictions — across business, not-for-profits and philanthropic sectors — that have enhanced the status of giving or the level of philanthropic activity.*
    - iii. *The potential to increase philanthropy by enhancing the effectiveness and efficiency of the use of donations.*

**We believe there is clear evidence demonstrating that impactful philanthropic interventions can achieve orders of magnitude more positive impact than the average intervention (3.1.2. – 3.1.7.). Using this fact, Government could transform how the public thinks about giving and significantly increase the overall impact of philanthropy in Australia.**

**We believe that a focus on impact, including in prioritising access to deductible gift recipient status (1.2.), has the potential to increase charitable donations, and the good that is achieved through those donations.**

**We discourage focusing “efficiency” over “effectiveness” (3.1.8.).**

3. *Examine current barriers to philanthropic giving, including:*
  - i. *The burden imposed on donors, volunteers and not-for-profits by the current regulatory framework for giving and how this affects their philanthropic decisions.*
  - ii. *The ability of donors to assess and compare charities based on evidence of effectiveness, including through impact evaluations and making comparisons across charities. In doing so, the Commission should consider the work of overseas impact evaluation comparison sites.*

**We believe that outdated laws relating to PBIs unduly hamper community building (2.2.). We also believe that requirements specific to organisations on the Register of Environmental Organisations, such as the conduit policy, drive inefficiency and limit cooperation (5.2.and 5.3.).**

**We believe Government should create an Australian charity evaluator that uses international best practice methodologies, and widely promote its findings (3.). At marginal cost, this has the potential to grow charitable donations and greatly increase the sector’s positive impact.**

4. Consider the appropriateness of current sources of data related to philanthropic giving, and how databases could be enhanced in a cost-effective manner.

**We believe data has an important role to play in improving workplace giving programmes (6.).**

5. Examine the tax expenditure framework that applies to charities. In particular, assess the effectiveness and fairness of the deductible gift recipient framework and how it aligns with public policy objectives and the priorities of the broader community.

**We believe the current tax expenditure framework is outdated. DGR status should be prioritised for high-impact causes areas – specifically, reducing the risk of catastrophic disasters and a broader range of charities pursuing animal welfare (1.). A concerning example is the International Campaign to Abolish Nuclear Weapon’s current ineligibility for DGR status s (2.3.5.).**

6. Identify reforms to address barriers or harness opportunities to increase philanthropy, and assess benefits, costs, risks, practicalities and implementation considerations. In doing so, the Commission should advise on priority areas for reform, having regard to:
  - i. The integrity of the taxation system and the current fiscal environment.
  - ii. The benefits that flow to not-for-profits from existing programs.
  - iii. The benefits that would flow from increased philanthropic giving

**We believe that Australia is experiencing philanthropic “brain drain” because of the poor state of current legislative frameworks, with talent leaving Australia to found charities overseas (4.). We believe impact-focused legislative frameworks will drive foreign investment in Australia, in addition to retaining and attracting talent (4.4.).**

**We believe that reformed legal frameworks and increased giving would combat growing cynicism in democracy (7.1.), support governments through policy development (7.6.) and build connectedness in Australian communities (2.2.).**

# 1. Reform the Deductible Gift Recipient (DGR) framework

## Summary

**Access to DGR status should be prioritised for philanthropic causes based on:**

- **how much good (positive impact, see 3.1.2.) can be achieved in that cause; and**
- **the extent to which Australians are passionate about, and want to build communities around, the cause.**

**Based on research into how to do the most good, and our connection with the Australian community, we think DGR status should be expanded urgently to charities working on reducing the risk of catastrophic disasters and a broader range of charities pursuing animal welfare.**

*Terms of reference 1, 2.iii, 5 and 6.i.*

- 1.1. Given philanthropy is fundamentally about promoting the welfare of others, the DGR framework should be reformed to prioritise cause areas that can do the most good. The ability to offer tax-deductible donations is a key driver of donor behaviour and is, in practice, almost essential to being a large charity in Australia.<sup>6</sup>
- 1.2. When considering which cause areas have the potential to do the most good – and therefore should be prioritised for receiving DGR status – the key considerations should be: the scale of the issue, how neglected or crowded the area is, and whether efforts to address the issue can be effective. Based on our research, we recommend that DGR status be expanded urgently to charities working on reducing the risk of catastrophic disasters and a broader range of charities pursuing animal welfare.
- 1.3. Members of the effective altruism community are motivated to do the most good they can. That motivation has resulted in significant research into a prioritisation framework that can identify the most impactful cause areas. Giving What We Can recommends that donors who want to maximise their impact can do so by supporting cause areas that are large in scale, neglected, and tractable.<sup>7</sup>

**Scale:** A cause area that is large in scale is one that affects many individuals, and affects them a lot.

**Neglectedness:** A cause area that is neglected has relatively little funding, resources or attention compared to other cause areas.

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<sup>6</sup> [What Works to Increase Charitable Donations? A Meta-Review with Meta-Meta-Analysis | SpringerLink](#)

<sup>7</sup> [High-impact causes we recommend supporting · Giving What We Can](#)  
[Choosing a cause to support · Giving What We Can](#)

**Tractability:** The easier it is to address or make progress on solving the problem, the more tractable it is. A cause area that has tractable solutions means there is a reasonable likelihood of making progress.

- 1.4. For example, we assess that the cause area of *reducing illness in Low and Middle Income Countries* (LMICs) has an extremely large **scale**. More than six billion people live in LMICs and over a billion years of life are lost due to premature death from illness each year.<sup>8</sup> The cause area is highly **neglected**, considering its scale. In 2022, a funding shortfall of AUD \$450 million meant that some of the most cost-effective, evidence-based interventions were not delivered, failing to save 30,000 lives.<sup>9</sup> Addressing that shortfall would easily be within reach of the Australian philanthropic sector, and certainly within reach of the Australian Government, despite the Australian Government itself falling far short of global giving norms.<sup>10</sup> And the cause area is **tractable** because many interventions can make a meaningful difference in reducing illness in LMICs. This framework led to a concerted effort by charity evaluators to review relevant interventions and helped bring attention to highly cost-effective interventions like distributing insecticide treated bednets. Adequately tackling malaria could save an estimated 11 million lives and yield \$2 trillion in gained productivity, as discussed in more detail below.
- 1.5. Applying this cause area prioritisation framework has revealed new cause areas that have significant scale, are highly neglected, or are immediately tractable, such as improving human health and well-being, improving animal welfare, and various modes of creating a better future, including working to reduce risks from catastrophic disasters, like pandemics and nuclear war.
- 1.6. A significant amount of research has gone into cause area prioritisation. In brief:
  - 1.6.1. Catastrophic disaster mitigation is highly impactful because, although such disasters are somewhat less likely than the natural disasters we regularly experience, their consequences are many orders of magnitude worse (scale). Comparatively, little effort is currently put into mitigating catastrophic disasters (neglected), so the return on investment can be very high (tractability).<sup>11</sup>
  - 1.6.2. Pursuing improvements in the welfare of animals is highly impactful because there are very large numbers of animals, there are good reasons to believe many kinds of animals are capable of suffering, and often their treatment is so poor that even small changes could dramatically improve the welfare of many millions of individuals.<sup>12</sup>
- 1.7. However, the current availability of DGR status is not aligned with these principles and the findings of cause area prioritisation research. EAA, as a PBI, can partner with many

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<sup>8</sup> [Burden of disease - Our World in Data](#)

<sup>9</sup> <https://blog.givewell.org/2022/11/23/giving-recommendations-2022>

<sup>10</sup> [Foreign aid budget – Parliament of Australia \(aph.gov.au\)](#)  
[ODA OECD-FfDO IATF-Issue-Brief.pdf \(un.org\)](#)

<sup>11</sup> [Preventing catastrophic pandemics - 80,000 Hours \(80000hours.org\)](#)  
[Biosecurity & Pandemic Preparedness - Open Philanthropy](#)

<sup>12</sup> [Animal Welfare | Effective Altruism Prioritizing Causes | Animal Charity Evaluators](#)

of the most effective global organisations working to improve human well-being. But the legal frameworks around DGR and PBI status prohibit EAA from expanding the amount of good it can do, such as by investigating and contributing to high-impact cause areas beyond global health and poverty. One of the reasons that EAA decided to create EAA:Environment is that the environment (specifically, climate change) was the most impactful cause area with DGR status.

- 1.8. Most high-impact cause areas remain precluded by the *Charities Act 2013 (Charities Act)*, the *Income Tax Assessment Act 1997 (ITAA)*, or both. For example:
  - 1.8.1. Many members of the effective altruism community in Australia are motivated by wanting to safeguard the future of humanity, and hence want to take action to reduce the risk of nuclear war or pandemics. While some *Charities Act* sub-types might allow for an “catastrophic disaster” focused organisation, like “advancing the security or safety of Australia or the Australian public”, the *ITAA* DGR requirements preclude it entirely. DGR status can only be obtained for a “defence charity” if it assists veterans or maintains war memorials.
  - 1.8.2. Many members of the effective altruism community in Australia are motivated by concern for the suffering of animals. While the *Charities Act* allows a charitable purpose for preventing or relieving the suffering of animals, the *ITAA* requirements narrow this down to the short-term direct care and rehabilitation of mistreated, orphaned and injured animals. **Preventing** animals from being mistreated, orphaned, or injured in the first place is not eligible, even if vastly more effective at relieving animal suffering.
- 1.9. If Australia wants to grow its charitable giving to compare well with other countries, we need to have legislative frameworks that are equal to or better than those countries. Our counterpart charities in countries like the US and UK, including the Effective Ventures Foundation and the Centre of Effective Altruism, are permitted to work across a range of highly impactful cause areas in a way that EAA is unable to in Australia.
- 1.10. Two minor amendments to the *ITAA* to expand the scope of existing categories of DGR eligibility would greatly increase the impact of philanthropy in Australia. Specifically:
  - 1.10.1. *Section 30-50 Defence*, which currently defines two kinds of DGR eligible defence charity (5.1.2 – *the comfort, recreation and welfare of members of the armed forces* and 5.1.3 – *the maintenance of war memorials*) should be expanded by creating new **5.1.4, reducing extreme, catastrophic or existential risks to Australians or humanity at large – including from natural and human causes.**
  - 1.10.2. *Section 30-45 Welfare and rights*, which currently has narrow gateways relating to the short-term direct care of animals [4.1.6(a)] and rehabilitation of mistreated animals without owners [4.1.6(b)] could be brought in line with the *Charities Act* definition of “preventing or relieving the suffering of animals”.



## 2. Allow Public Benevolent Institutions (PBIs) to hold multiple charitable purposes

### **Summary**

**The laws relating to PBIs are out of date. The inability of a PBI to have multiple purposes creates regulatory inefficiencies and hampers community-building.**

**For example, EAA community builders are notionally prevented from organising events and other community activities for EAA:Environment.**

**This prohibition serves no public good or policy purpose. This could be addressed by allowing PBIs and “Charity Act charities” to co-exist within a single corporate structure.**

*Terms of reference 2.iii, 3.i and 5.*

- 2.1.1. The inability of PBIs to have multiple purposes overlaps with the narrow access to DGR status, causing a range of problems.

## 2.2. PBI rules hamper our ability to connect Australian communities

- 2.2.1. The lack of DGR status for impactful cause areas, combined with undue restrictions on PBIs, hampers our ability to build communities. EAA is a natural organising point for the members of the effective altruism community in Australia. With thousands of donors, EAA has an extensive emailing list and is a touch-point for people wanting to do more. To meet this expectation, we have recruited two full-time community managers with the goal of building strong community connections around the ideas that matter most to people.

- 2.2.2. The current laws hamper us from doing this in two specific ways:

- 2.2.2.1. First, as set out above, many impactful and pressing cause areas are not eligible for DGR status.

- 2.2.2.2. Second, the particular rules that bind PBIs require EAA – and its community builders – to work only in a narrow scope to maintain EAA’s PBI status. While a “Charity Act charity” can cover multiple cause areas, according to the ACNC’s interpretation of the law, a PBI cannot.<sup>13</sup> The Law Council of

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<sup>13</sup> <https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/charitable-purpose>

Australia disputes the ACNC's interpretation of the law, describing it as "an error for law and a misapplication of the relevant principles".<sup>14</sup>

- 2.2.3. EAA defers to experts like the Law Council of Australia, but we note the *Charities Act* itself does not state that a PBI cannot have a range of alternative charitable purposes, instead it appears this interpretation has emerged from somewhat unclear case law.<sup>15</sup> The ACNC's Commissioner's Interpretation Statement regarding PBIs summarises the case law as (emphasis added):

The main purpose of a PBI must be to provide relief to people in need. **If an entity has other purposes that are not benevolent, it will be ineligible to be a PBI unless those purposes are ancillary or incidental to the main benevolent purpose.** The ACNC notes that some interpretations use the term "minor" in relation to purposes or activities. It is the view of the ACNC Commissioner that the correct enquiry is as to whether any purposes that are not benevolent are incidental or ancillary, rather than enquiry as to whether the purposes are "minor".<sup>16</sup>

- 2.2.4. Close reading of the case law shows that courts were concerned by scenarios where entities had benevolent purposes, but also had purposes that had nothing to do with charity, such as holding land or distributing entitlements. An amendment to the *Charities Act* that clarifies that a PBI can have purposes that are not "*benevolent*" provided that they **are "charitable"** (within the meaning of Section 12 of the *Charities Act*) would address the concern above. Specifically, this would allow a PBI (like EAA) to also have charitable purposes like advancing the environment or advancing the security of Australians.
- 2.2.5. The fact that non-PBI charities can have multiple DGR purposes suggests that Government does not have an active policy intent to prevent charities from covering a range of cause areas, instead this inconsistency is merely an outgrowth of case law that has not been brought in line with Government's intent.
- 2.2.6. Setting aside legal and policy uncertainty, the practical consequence is that EAA was forced to found a separate legal entity, EAA:Environment, to work on a new charitable cause. Obtaining DGR status to work on the environment requires being listed on the Register of Environmental Organisations (REO).<sup>17</sup> The REO Guidelines have further particular and narrow requirements, such as relating to interest accruals and the "conduit policy" These prescriptive requirements are unique to REO entities and do not apply to PBIs (5.3.3.). Competing and at times inconsistent legal requirements hamper the ability of our two organisations to cooperate and leverage existing systems and processes.

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<sup>14</sup> [Commissioner's Interpretation Statement: Public Benevolent Institutions - Law Council of Australia](#)

<sup>15</sup> *Maclean Shire Council v. Nungera Co-operative Society Ltd* (1995) 86 LGERA 430, 432-3 (Handley JA, Priestley and Sheller JJA agreeing); *Bodalla Aboriginal Housing Company Ltd v Eurobodalla Shire Council* [2011] NSWLEC 146, [67] (Preston CJ)

<sup>16</sup> ACNC CIS 2016/03 at 5.5.2

<sup>17</sup> <https://www.dcceew.gov.au/about/assistance-grants-tenders/environmental-tax-concessions/register-organisations>

Ultimately, EAA:Environment is forced to duplicate significant EAA back-end infrastructure and hire additional bookkeeping staff to meet legal requirements.

- 2.2.7. Even as EAA:Environment becomes operational, at a significant cost, it will not address the legal limitations placed on our community organisers regarding the causes they can work on. One solution within the existing legal framework would be to split our community managers so that they are part-time employees of EAA and also part-time employees of EAA:Environment. However, this would result in increased administration costs, tax implications that the Government would likely find unpalatable, and only expand the coordination we can offer our community by a single cause area. For instance, an EAA and EAA:Environment employed community manager may still not be able to organise events for people interested in reducing the risk of nuclear war or future catastrophic pandemics, despite these being high impact cause areas of significant concern to members of the community.
- 2.2.8. We understand that some work incidental to EAA or EAA:Environment's purpose is lawful. For instance, it is conceivable that EAA:Environment could organise a community event about pandemic prevention because one cause of pandemics is zoonotic spillover events which are supercharged by climate change and habitat destruction. However this is uncertain, and our Boards are forced to be conservative in their interpretation of the law, in part because integrity is one of our core values, in part because we cannot afford to go to court for a test case, and in part because of the harm that would occur if we were found to be in breach of our obligations and lose our DGR status. On conservative estimates, the donations EAA receives and grants to partner charities protect over 1,000,000 people from malaria each year.<sup>18</sup> If we lost DGR status, many of those donations would stop or go to less effective causes, and the positive impact would be degraded. We cannot risk that.
- 2.2.9. This puts us in a difficult position – while members of the effective altruism community share common values about wanting to use evidence and reason to do good, those common values point towards a wide array of actions. Members of the effective altruism community have a positive frame – they do not just want to prevent suffering, they want to pursue a flourishing future. Shackled by a definition of “Public Benevolent Institution” made by the High Court in 1931 and not reconsidered since 1942, it is not obvious that EAA-employed community managers can lawfully work to facilitate members of the effective altruism community to do the good they want to do.

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<sup>18</sup> <https://www.givewell.org/cost-to-save-a-life>



### 2.3.5. Case study: International Campaign to Abolish Nuclear Weapons (ICAN)

- 2.3.6. The International Campaign to Abolish Nuclear Weapons (ICAN) is a natural ally of effective altruism – sharing a common goal of taking impactful action to prevent one of the most consequential risks facing humanity. ICAN received the 2017 Nobel Peace Prize "*for its work to draw attention to the catastrophic humanitarian consequences of any use of nuclear weapons and for its ground-breaking efforts to achieve a treaty-based prohibition of such weapons.*" The UN Treaty on the Prohibition of Nuclear Weapons entered into force in January 2021. Its premise is that the use of nuclear weapons by any nation-state would result in catastrophic consequences, regionally and globally. These impacts would include millions of immediate deaths, physical devastation, destruction of environments, atmospheric changes producing a nuclear winter which could result in up to two billion people starving with ongoing food and water insecurity, and ongoing radiation exposure.<sup>22</sup> As a result of the Treaty, nuclear weapons have now been classified unequivocally as inhumane and outlawed on the basis of international humanitarian law.
- 2.3.7. ICAN provides a clear example of the kind of entity and cause that can register with the ACNC under the *Charities Act*, including with the purpose of advancing the security or safety of Australia or the Australian public, but is unable to obtain DGR status under the *ITAA*.
- 2.3.8. For most Australians, it would seem inconceivable that a global organisation with full charitable status in many comparable countries, and a Nobel Peace Prize for its work, would be unable to obtain DGR status in Australia. EAA recommends using ICAN as a test-case for any revisions to DGR status for organisations concerned with catastrophic and existential risk – if ICAN cannot obtain DGR status under a proposed law, it is a bad law.

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<sup>22</sup> [What happens if nuclear weapons are used? - ICAN \(icanw.org\)](https://www.icanw.org/what-happens-if-nuclear-weapons-are-used/)

### 3. Charity evaluation

#### **Summary**

**The Government should create an impact-orientated Australian charity evaluator based on international best practices, and widely promote its findings. One of the key lessons of the global effective altruism movement is that the most impactful charities can do orders of magnitude more good than the average charity. Some well-meaning programmes even cause harm.**

**While evidenced-based evaluation is challenging, the field of expertise is now mature and has a proven track record. Given such evaluation has the potential to make the sector much more impactful at marginal cost, this opportunity is too good to miss.**

*Terms of reference 3.ii and 6.iii.*

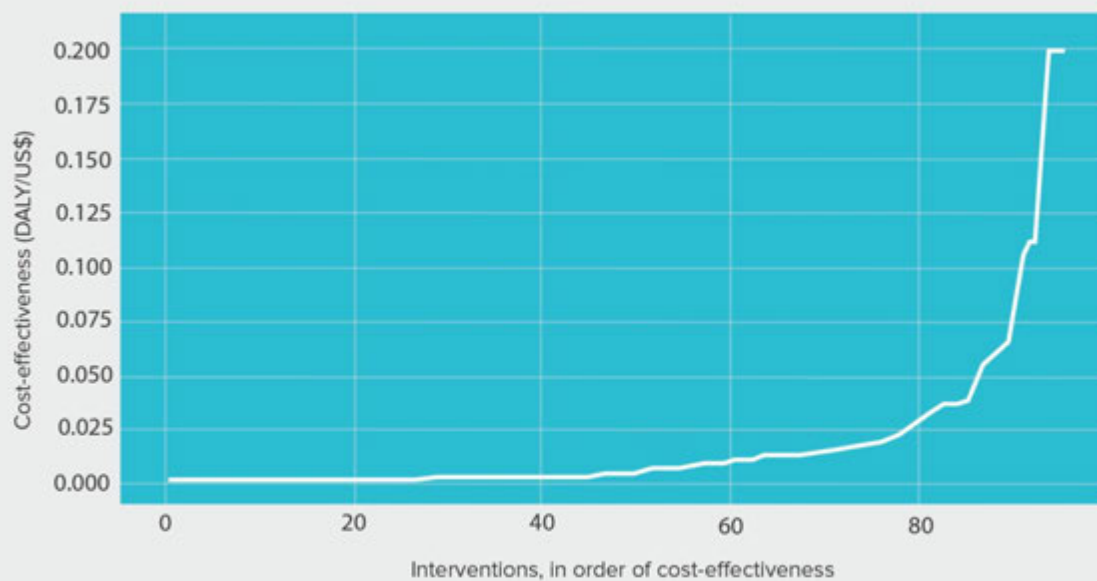
- 3.1.1. EAA is excited about the potential of terms of reference 3.ii regarding the examination of the possibility of helping Australian donors compare charities based on evidence of effectiveness.
- 3.1.2. Charity evaluation is critical because impactful charities can do orders of magnitude more good than average charities.<sup>23</sup> Some programs run by charities can even do harm.<sup>24</sup>
- 3.1.3. Analysis of the data presented by the World Bank in *Disease Control Priorities, Third Edition* usefully illustrates the disparity between top interventions and average interventions:

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<sup>23</sup> [How much do solutions to social problems differ in their effectiveness? A collection of all the studies we could find. - 80,000 Hours % \(80000hours.org\)](#)

<sup>24</sup> [Counterproductive Altruism: The Other Heavy Tail - Kokotajlo - 2020 - Philosophical Perspectives - Wiley Online Library](#)

## Cost-effectiveness of interventions in global health



80000  
HOURS

Source: Jamison, Dean T. et al. Disease Control Priorities, Third Edition. World Bank, 2017.

- 3.1.4. The above graph compares 107 global health interventions by estimating cost-effectiveness based on how much illness each intervention prevents — measured in disability-adjusted life years (DALYs) — and how much it costs. The ratio of the two is the cost-effectiveness. The first 60 or so interventions on the graph above are not very effective, whereas the last 20 or so interventions are orders of magnitude more effective.
- 3.1.5. This same distribution of impact occurs across datasets (for instance, analysis of World Health Organisation data is similar to the World Bank data, above) across causes (for instance, analysis of social policy interventions and environmental interventions is similar to public health interventions) and across countries (this pattern is not limited to third world countries).
- 3.1.6. The importance of the ubiquity of this pattern in data about the effectiveness of philanthropic interventions is hard to overstate. Evaluation is essential to know that you are doing good, and to find ways to do the most good. Evaluation empowers donors, because a little bit of knowledge and research can help their donation achieve much more good. Evaluation also empowers charities, because charities should want their interventions to have the most positive impact, and small investments in evaluation can help them be more impactful.
- 3.1.7. A robust approach to evaluation across the sector could make philanthropy in Australia an order of magnitude more impactful at marginal cost.

- 3.1.8. As the field of charity evaluation has matured, it has entered the mainstream. Efforts to bust “the overhead myth” have largely been successful, leading to more sophisticated thinking about what makes a good charity. Focusing on the positive impact the charity achieves has rightfully taken centre stage. Leaders like US-based charity evaluator GiveWell have developed and matured impact assessment processes that have now been adopted by mainstream organisations like Charity Navigator. EAA’s view is that impact-focused charity evaluation is now a mature field that could offer significant value to the Government in increasing the good Australian charities can do, building trust in the sector, and combating pernicious trends like “greenwashing”.
- 3.1.9. Charity evaluation also helps dispel cynicism about the extent to which charity can do good. For instance, some people can be sceptical about the positive impact of insecticide-treated nets because they are sometimes misused as fishing nets or to protect seedlings. Robust, independent charity evaluation has confirmed that misuse rates are very low, significant positive health impacts occur regardless of misuse, and that purported misuse often relates to “recycling” of expired nets (where insecticide has worn off). Trusted independent sources that can split legitimate causes for concern from misinformation can build trust in the sector.
- 3.1.10. EAA engages in charity evaluation to help it partner with the world’s most impactful charities and support their best interventions. We do this by considering research from independent charity evaluators and academia, including the work of GiveWell, Giving What We Can and The Life You Can Save. We further review whether the work of each highly recommended charity is in line with our purpose, and ensure our partnership would be beneficial within the landscape of Australian charitable giving.
- 3.1.11. We consider four key factors:

**Estimated intervention effectiveness** - The effectiveness of an intervention depends on the certainty with which it can be linked to positive outcomes. To ensure that all charities we partner with are reliably creating positive social outcomes, we focus on those that have been studied rigorously and have a demonstrated track record.

**Estimated impact per dollar** - The impact of each dollar donated depends on the goods and services which can be purchased for those in need. Given that commodities and services can often be provided more cheaply overseas, this generally leads us to partner with charities working outside of Australia. Even among organisations working in developing countries however, there is a vast difference between the most cost-effective and the least.

**Transparency** - Charities must provide access to their data and internal operations in order to be thoroughly evaluated on their effectiveness. To provide confidence in our evaluations, we only work with those charities that are willing to maintain high levels of transparency and undergo thorough



vetting of their programs.

**Room for more funding** - Even an extremely effective charity may not be a good candidate for additional donations, depending on its capacity for growth. We ask the question: “Is a charity able to absorb more donations and scale up its operations, or is it near its capacity limit, meaning additional donations would not help much in the short term?”

- 3.1.12. Given the considerable impact that EAA and the broader effective altruism community have had by using this approach, we recommend that, in addition to establishing a government-endorsed impact-focused charity evaluator, these factors be integral to its evaluation process.

## 3.2. Challenges and nuance to charity evaluation

- 3.2.1. We acknowledge that charity evaluation is not easy, and it requires skilled practitioners applying rigorous and up-to-date methodologies. Below we flag some of the common initial concerns that people have about charity evaluation and explain some of the ways that the mature field navigates the issues. We would encourage the Productivity Commission to engage with expert organisations like GiveWell, The Life You Can Save, Giving Green, Founders Pledge and Animal Charity Evaluators for a deeper understanding of the field of charity evaluation.

- 3.2.1.1. **Measurability bias** - at EAA, we focus on interventions with proven track records. The vast majority of our recommendations are supported by multiple randomised controlled trials (RCTs) that prove their effectiveness. However, we are conscious that this standard of rigour introduces a range of biases associated with measurability. It is almost certain that there are other highly impactful interventions that are harder to measure robustly or are not yet mature enough to reliably measure their impact.

- 3.2.1.2. Although measurability bias is a challenge, there are multiple ways for mature evaluation approaches to grapple with the issue. Most obviously, evaluators can assess “certainty” separately from “impact”. That is, EAA aims to partner with organisations that have a high certainty (they are backed by multiple RCTs) of having a high impact (they achieve a large amount of Quality-Adjusted-Life-Years (QALYs) per dollar). Another valid approach is to weigh the extent of possible impact against uncertainty. Like in investment, a well-structured portfolio may include many “blue-chip stocks”, but also include some investments in more uncertain options that have the potential for very high returns. Some information on this approach, including historical examples of calculated risks in philanthropy leading to high impact, is available from Giving What We Can.<sup>25</sup> Examples include the ‘green revolution’ that allowed humanity to feed an additional 7 billion

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<sup>25</sup> [Donating like a startup investor: Hits-based giving, explained · Giving What We Can](#)

people, and the contraceptive pill, which gave women unprecedented freedom in planning their own lives.<sup>26</sup>

- 3.2.1.3. **How broadly a “moral circle” is cast can greatly influence how impactful an intervention is** particularly when comparing across different cause areas. At EAA, we value all humans equally. We also think that a sophisticated application of QALYs as a measure of the improvements to the length of life and the quality of life that an intervention can achieve is a useful tool for understanding the positive impact of particular interventions.
- 3.2.1.4. Many members of the Australian community also include future generations within their “moral circle”. When future generations are taken into account, interventions that stop events from happening that would cause future generations to suffer – like runaway climate change or nuclear war – can have even higher impacts. The rapid growth in concern about climate change and the moral obligation current generations have towards stewardship of the planet highlights how common it is for Australians to include future generations in their moral circle. Almost all members of the Australian community also worry about the welfare of animals – dogs and cats are often treated with similar moral concern as people’s friends and co-workers.<sup>27</sup> Most members of the effective altruism community think that many animals, and not just companion animals, are able to experience pain and have moral worth.
- 3.2.1.5. Some people have narrower “moral circles”, either only valuing individuals close to them or similar to them, or significantly discounting the value of individuals far away and different.
- 3.2.1.6. The field of charity evaluation has various methods to navigate these complexities. For instance, statistics can be used to calculate benefits and harms in expectation of future events. This would apply to calculations of the lives saved in expectation from reducing the risk of a nuclear war. For example, we can know from modelling how many people may die in a nuclear war (over 60% of the global population).<sup>28</sup> Experts can use structured analytical techniques to forecast the annual chance of a nuclear war and the extent to which interventions might reduce that likelihood. This approach can produce a range of plausible estimates about how many QALYs are achieved by various efforts at reducing global catastrophic risks. This same approach could give insights into how impactful medical research into various issues could be.

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<sup>26</sup> [The world’s most intellectual foundation is hiring. Holden Karnofsky, founder of GiveWell, on how philanthropy can have maximum impact by taking big risks. - 80,000 Hours \(80000hours.org\)](#)

<sup>27</sup> [PsyArXiv Preprints | The relative importance of target and judge characteristics in shaping our moral circle](#)

<sup>28</sup> [Global food insecurity and famine from reduced crop, marine fishery and livestock production due to climate disruption from nuclear war soot injection | Nature Food](#)

- 3.2.1.7. There are also other approaches that take into account uncertainty to engage with expanded moral circles. Specifically, the impact of an intervention can be discounted according to genuine uncertainty. That could be uncertainty about whether an outcome will actually occur in a different country or in the future, or uncertainty about whether and how much a particular animal has the capacity to suffer. While these calculations might sound cold-hearted or mechanical, governments routinely calculate the value of a statistical life when undertaking cost-benefit assessments of particular interventions - like upgrading road infrastructure or subsidising medical interventions. Charity evaluation that measures impact in this way could help policymakers to assess whether tax concessions for certain cause areas yield more benefit than alternative forms of spending.
- 3.2.1.8. The challenges of differing moral circles can also be avoided altogether by grouping different kinds of interventions so that a donor can maximise impact within a belief system. All interventions that can be measured in QALYs can be grouped together, while interventions relating to the welfare of animals can be grouped separately. Donors can then make informed decisions based on their own values. By way of example, Charity Navigator uses a “curation” system to split cause areas and allow like-to-like comparisons.<sup>29</sup>
- 3.2.1.9. Measuring **the impact of advocacy** can also be challenging, in part because policy and politics are complex and complicated systems, and many of the elements are not transparent, so scientific measuring approaches can be difficult to apply. That said, these challenges are something to be engaged with, not shied away from. Taking the example of ICAN (2.3.5.), although its theory of change is based on advocacy, it seems hard to argue that outcomes like an international treaty and recognition like a Nobel Peace Prize are not indicative of impact. Further, the methods above for examining the potential progress that could be made in a cause area (scale, neglectedness and tractability, see 1.3.) can apply to advocacy as an approach and help frame the potential for impact if any particular advocacy is successful. Combined with expert elicitation about the degree of impact of a policy intervention, a plausible impact range of particular advocacy efforts could be estimated and assessed for value based on the charity’s expenses.
- 3.2.1.10. **Prioritising cause areas based on scale, neglectedness, and tractability can lead to counterintuitive conclusions.** This can be true, and a key driver is a focus on neglected cause areas. Thinking about neglected cause areas is a way to find “low-hanging fruit”. These initiatives can be high impact precisely because they are a small part of the public conversation and lack the focus they deserve. If a larger portion of donors pursued impact, the low-hanging fruit would be “harvested”, and the

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<sup>29</sup> [Impact & Results | Charity Navigator](#)

landscape of impact would change.

- 3.2.1.11. For instance, long-lasting insecticide-treated net distribution to protect against malaria is very high impact because there is not enough funding to get nets to everyone who would benefit. Once the field is properly funded, the impact of additional nets would drop away sharply. Based on information from the Bill and Melinda Gates Foundation, the World Health Organisation<sup>30</sup> and the ACNC<sup>31</sup> it would seem well within the capacity of Australian philanthropists to fully close the malaria funding gap. This would save an estimated 11 million lives and yield \$2 trillion in gained productivity. At that point, additional funding would no longer be impactful.
- 3.2.1.12. This same logic applies to counterintuitive causes. For instance, many members of the effective altruism community are concerned that the democratisation of the kinds of technology necessary to engineer viruses in many universities creates unacceptable biosecurity risks.<sup>32</sup> The idea that regulating what technology is available in university labs is potentially as impactful as bednets might sound strange at first. However, if tens of thousands of university students were to have unrestricted access to the tools necessary to create designer viruses, it is only a matter of time before a pandemic much worse than COVID-19 would result. This could result in many millions or billions of deaths.<sup>33</sup> Working to prevent this from occurring could be a very high-impact cause area. It is high impact because it has the potential to save many millions of lives and trillions of dollars of economic damage, it is tractable because addressing it could be achieved through robust regulation, and it is neglected because it is not part of the public conversation and few people are working to stop it.
- 3.2.1.13. Sometimes the causes that measuring impact tells us **not** to focus on can also feel counterintuitive. Often emergency situations bring human tragedies to our attention and inspire us to want to help. While not all emergency aid is problematic, a rush of donated goods and unskilled volunteers into an area, while its supply chains, distribution networks and other systems are least able to support them, can make donations ineffective, or even cause harm. Thinking about what is neglected is sometimes a reason not to think about what is topical or high profile.<sup>34</sup> This applies outside of emergencies as well: some well-funded cause areas are running into diminishing returns, such that further growth in donations does not result in proportional growth in impact.

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<sup>30</sup> [Can Malaria Be Eradicated? | Council on Foreign Relations \(cfr.org\)](#)

<sup>31</sup> [Major rise in Australia's charity sector revenue and expenses | ACNC](#)

<sup>32</sup> Stauffer et al., (2023), Existential Risk and Rapid Technological Change: Advancing Risk-informed Development, United Nations Office for Disaster Risk Reduction; [Managing the Risks of Biotechnology Innovation \(cfr.org\)](#)

<sup>33</sup> [We know lab leaks are possible, and one could start a new pandemic - Vox](#)

<sup>34</sup> [Americans donated more than \\$700 million to aid Japan after quake-tsunami \(humanosphere.org\)](#)  
[Heart vs mind: a review of emergency aid · Giving What We Can](#)

- 3.2.1.14. We should be excited, first for the prospect that impact evaluation helps us find non-intuitive ways to make a big difference and, second, for the prospect that funding gaps in high-impact cause areas could be addressed relatively easily by a concerted effort to fund them, and also because this kind of thinking can help us not do harm when we are trying to help. Importantly, not everything that applying the ‘impactful, tractable and neglected’ framework to is counterintuitive. The Australian Government has been a global leader in tobacco control, and there is good reason to think this work is highly impactful.<sup>35</sup>
- 3.2.2. Ultimately what matters is that a range of workable tools, solutions and approaches already exist to address the challenges at the forefront of some people’s minds when they first think about charity evaluation. However, there is no market incentive for an evaluator to deploy these tools in Australia. It would be practical for the Government to implement charity evaluation in Australia. Further, given that robust evaluation has the potential to make individual donations significantly more impactful, dispel cynicism about the potential of charity work, and encourage the sector at large to pursue positive impact, this seems to be an opportunity too important to miss.

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<sup>35</sup> Tobacco Control - Open Philanthropy - <https://www.openphilanthropy.org/research/tobacco-control/>

## 4. Income, outgoings and brain drain

### Summary

**Australia adopting an impact-focused approach to charity regulation could have substantial economic and social benefits.**

**Current charity regulation is a significant contributing factor to talented Australians leaving to pursue philanthropic work overseas. Because of this trend, Australia does not benefit economically or socially from having some of the world's most compassionate leaders and impactful charities operating from our shores.**

**In other spheres, Government adopting impact-focused regulation has attracted substantial investment in Australia, including funds raised in the US and UK being granted to organisations operating in Australia and talented staff moving to Australia to work.**

*Terms of reference 6.i, and 6.iii*

- 4.1. Regrettably, the story of effective altruism in Australia has been one of brain drain. Many thoughtful and compassionate young Australians have left Australia for the UK or US to pursue their work. For instance, Dr Toby Ord, a co-founder of Giving What We Can, whose members have pledged over \$1.5 billion to effective charities, moved to the UK to pursue his work. Subsequently, he has advised the United Nations, the World Health Organization, the World Economic Forum, and the UK Prime Minister's Office and his work has been featured hundreds of times in the national and international media.
- 4.2. Dr Ord is just one high-profile example, among others like Peter Singer, Helen Toner and David Chalmers. In addition to public figures, dozens of young leaders of philanthropic university groups have left Australia for the UK or US after graduation and now work for impactful charities overseas. The harm caused to Australian society by losing its most passionate, compassionate and talented young leaders is hard to overstate. Australia is a poorer country for them leaving, and the UK and US are better off for their presence, their work, and in many cases the advice they are giving to other leaders in their new countries. Many of these people have founded highly impactful organisations overseas that are now generating significant returns – both in economic terms and in results on the causes they are working on. These could have been Australian organisations, but they are not in large part because of our poor regulatory frameworks. Similarly, many of these people could have been future Australian leaders if we had retained them.
- 4.3. Perhaps the main reason young talent leaves is that Australia has been unable to grow a “centre of gravity” where people feel like they can achieve a significant positive impact working with like-minded people. As new generations are increasingly mindful of moral and ethical issues, the limited ability to do good from within Australia may cause even more future leaders to leave. One of the reasons Australia has not been able to develop

a weight of expertise, despite significant homegrown talent, is that Australia's regulation of philanthropy fails to give meaningful incentives to organisations working to tackle this century's most pressing problems. We believe that an impact-focused approach to the prioritisation of DGR status and the funding and promotion of charity evaluation could make a big difference in helping Australia retain and attract talent. Australia establishing a world-leading approach to charity evaluation could go a long way to turning this tide.

#### 4.4. Impact focus attracts investment in Australia

- 4.5. The recent establishment of an Australian arm of the Alliance To Feed The Earth In Disasters (ALLFED) gives some insight into how recent impact-focused laws can attract funding and talent to Australia. Specifically, Government's decision to allow grants from the Disaster Ready Fund to fund efforts to protect Australia from natural catastrophic disasters caused ALLFED to begin operations in Australia, bringing with it talented staff and commitments of overseas funding organisations.
- 4.6. ALLFED is not a unique case. EAA has observed several other organisations begin impact-focused work in Australia, bringing with them funding from overseas philanthropists. EAA itself has also received grants from overseas philanthropic organisations and is using those grants to recruit staff in Australia.
- 4.7. The effective altruism community in Australia has a demonstrated potential to attract considerable funding to Australia and to retain and foster Australian talent, but we need a regulatory environment that helps us, rather than hinders us.

## 5. Conduit Policy and other specific accounting requirements

### Summary

The “Conduit Policy” (*ITAA Section 30-270 (2)*) and related requirements are too prescriptive and should be scrapped.

EAA is able to find the world’s most impactful health and poverty charities, listen to its donors about their preferences, and provide grants to highly impactful charities to pursue their work. EAA:Environment, because of the conduit policy, cannot do the same. EAA:Environment is required to deliver programs inefficiently. The conduit policy disempowers Australian donors and hurts our delivery partners. It does not make sense to put hurdles between Australian donors and the world’s most impactful environmental initiatives.

These specific challenges are symptomatic of a legislative framework that is overly complicated, ad hoc and inconsistent.

*Terms of reference 2.ii, 3.i and 6.*

- 5.1.1. Specific requirements in the Register of Environmental Organisations (REO) Guidelines have hampered EAA’s ability to create EAA:Environment.
- 5.1.2. We note that some of these concerns would be addressed by allowing a PBI to have “Charity Act purposes” such that EAA and EAA:Environment were not required to be separate legal entities. This is discussed above at (2.2.6. to 2.2.9.).
- 5.1.3. Nothing in this section should be taken as suggesting that EAA or EAA:Environment are anything but fully committed to compliance with the law as it stands.

### 5.2. Conduit Policy

- 5.2.1. *ITAA Section 30-270 (2)* states that [an environmental organisation] must have a policy of not acting as a mere conduit for the donation of money or property to other organisations, bodies or persons. The REO Guidelines expand on this to say that a donor cannot direct how their donation should be used and that an organisation cannot pass funds to another organisation, but instead has to tie those funds to specific environmental projects or conservation work.
- 5.2.2. EAA:Environment believes the conduit policy should be changed or removed. As a PBI, EAA is able to give its donors an option to select which of EAA’s



partner charity programmes a donation should support. The conduit policy takes autonomy away from EAA:Environment's donors and disempowers them from sharing their own views about how to achieve the most positive impact. The conduit requirement creates communication challenges, a worse donor experience and ultimately makes it harder for EAA:Environment to foster a sense of community in Australia around its work.

- 5.2.3. The requirement that EAA:Environment cannot pass donations to its partners, but has to fund specific environmental projects, creates inefficiencies for our partners. For our partners, there is no substantive difference between an unrestricted grant and a grant tied to a particular project - in both cases the funding is used to further their charitable purpose via highly impactful environmental intervention. Except, in the latter case of a donation tied to a project, our partner has to do additional administration associated with tracking our grant, allocating it in a specific way, and reporting back to us on how it was used. Administrative overhead of this kind is not connected with understanding and increasing impact, all it does is make our work less effective.
- 5.2.4. We recommend that the *ITAA* be amended to remove the conduit policy and to bring it in line with how PBIs can currently make grants to partners.

### 5.3. Calculation of interest and the “deposited into” and “kept separate” requirements

- 5.3.1. Building and maintaining donation platforms is one of our organisations' biggest expenses and consumes significant amounts of time from the board, employees and volunteers. These systems are also one of our biggest risks because they contain the personal information of our donors and significant amounts of money. The cyber security of these systems is among our top priorities at EAA and EAA:Environment. Despite our best efforts, there is always residual risk. Even some of Australia's most technically advanced for-profits have become victims of cyber security threats.
- 5.3.2. One of the ways we mitigate this risk is to endeavour to have the most simple and streamlined systems possible to reduce our surface area to attacks.
- 5.3.3. Specific requirements in the REO Guidelines and *ITAA* have jeopardised these efforts. Ideally, EAA and EAA:Environment would be a single legal entity, operate a single payment portal with a single kind of receipt, and payments could go into a single set of bank auditable accounts where our accounting software could verify that donations are being used consistent with the intent of our donors and our legal obligations. However, because the ACNC interprets the law to mean that PBI cannot have a second purpose, and because of specific requirements in the REO guidelines about the calculation of interest and how donations have to be “deposited into” and “kept separate” in certain accounts, EAA:Environment has been forced to build entirely new systems that

duplicate existing EAA systems. This has generated cost and delay, and increases our cyber security risks.

- 5.3.4. We think that, in addition to a PBI being allowed to have multiple purposes, rules around how Public Funds are managed should be relaxed to empower technical systems and accounting-based approaches to achieve the same policy objectives. For instance, EAA and EAA:Environment sharing a payment platform should not risk a breach of the rules, and it should be possible for different kinds of money to be “deposited into” a single account provided adequate accounting records are maintained to keep track of different obligations attached to different money. EAA:Environment is unaware of the history behind the REO requirements, but it is possible that the requirements written in 2003 imagined a world of finances, accounting and bookkeeping that is built on technology that is substantially different from what exists 20 years later.

## 5.4. A broader problem of complex regulations

- 5.4.1. The identified challenges of the conduit policy (5.2.) and interest calculation (5.3.) compound with the ad hoc nature of DGR classes (1.1.) and the residual operation of the common law (2.2.2.) to paint a picture of regulation that is complicated, ad hoc and inconsistent.
- 5.4.2. To operate effectively, an Australian charity needs to understand the Charity Act, the Tax Act, cause-specific rules (such as the REO, 2.2.6.) and relevant state and territory requirements, in addition to all other law that a for-profit needs to navigate (such as corporations law or employment law). This results in administrative inefficiency, increased overheads, and an overall reduction in the good we can achieve.
- 5.4.3. Recent efforts to rationalise the number of regulators (such as moving the administration of the REO to the tax office) and the agreement to a nationally consistent approach to fundraising are positive. The specific changes referenced in this document (5.4.1.) are further incremental improvements that EAA recommends. The Productivity Commission could also consider a more radical overhaul. That could include fully realising the ACNC as a “one-stop shop” regulator for all charities, displacing the functions of the states and territories to the greatest extent permitted by the Constitution, and centralising all relevant law into a “Charity Code”.

## 6. Workplace giving

### **Summary**

**Government should provide structural support to workplace giving and lower existing barriers to adoption by employers and employees. This should be designed to make workplace giving commonplace and to normalise a giving culture in Australia. To further this goal, the Government should consider:**

- **The increased trust created by Government-provided workplace giving infrastructure**
- **Developing template contract terms to support workplace giving, including “opt-out” clauses for workplaces choosing to adopt that approach**
- **Using data from any Government-backed charity evaluator to encourage the prioritisation or default selection of high-impact charities**
- **Providing workplaces “impact reports” about the good that giving from each workplace achieved**
- **The collection and analysis of data necessary to understand which approaches to workplace giving result in the most donations and the highest impact.**

*Terms of reference 1 and 4.*

- 6.1.1. Reforms to workplace giving could be a powerful way to change the giving culture in Australia. Workplace giving is currently underutilised compared to similar countries. Australia has significant room to grow in terms of the quantum of workplace giving.<sup>36</sup> Government should foster workplace giving by lowering practical barriers, providing support and guidance, and collecting and monitoring data about the efficacy of different approaches to growing workplace giving.

### 6.2. Infrastructure

- 6.2.1. Currently, workplace giving is facilitated by a small number of providers who typically take a portion of each donation after the employee's donations and before payments are made to receiving charities. While we acknowledge the good work that these providers have achieved, this approach is far less optimal than Government supported infrastructure of the kind that currently exists for superannuation contributions or the collection of tax pre-salary.
- 6.2.2. A related challenge to workplace giving is equitable access. Access to a workplace giving option can be gate-kept by internal committees that often make decisions without transparency. This can create a sense that decisions about workplace giving are “politicised” and make it challenging for smaller organisations to be listed or promoted, even if they are highly impactful.

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<sup>36</sup> [Increasing workplace giving: What works at work? \(workplacegivingaustralia.org.au\)](https://workplacegivingaustralia.org.au)

- 6.2.3. Even in the public sector, getting listed by different departments and agencies is challenging. Our experience has been that, without a donor working the system from the inside, getting listed can be slow or impossible. The public sector could address this with a centralised process for workplace giving.
- 6.2.4. Government should consider if its involvement as an infrastructure provider can add value, including by helping resolve equitable access issues and increasing the confidence that employers and employees have in workplace giving systems. (Potential synergy with charity evaluation is discussed at 6.4.)

## 6.3. Nudges

- 6.3.1. “Nudges” have a proven track record of providing cost-effective and non-coercive ways to achieve significant behaviour change. Some nudges, such as social norms, public reporting, emphasising tax deductibility, and defaults have been found to be highly effective in promoting charitable giving.<sup>37</sup>
- 6.3.2. A small nudge would be having the amount of a person’s workplace giving displayed on their payslip, even if that amount was 0%. This would help remind people that workplace giving is an option, and encourage a norm of selecting some amount rather than no amount.
- 6.3.3. “Defaults” are one of the most effective kinds of nudge, but we acknowledge the risks that could come from a perception that a default was somehow “government-mandated”. An alternative would be “forced choice” where employees are required to make a decision about doing or not doing workplace giving. Without ruling out the merit of workplace giving by default, a sensible first step would be the Government drafting and promulgating proposed contractual terms that would facilitate an employer having workplace giving by default if that is what they choose to do.<sup>38</sup> We understand anecdotally that, of the few organisations in Australia that have already moved from opt-in to opt-out approaches, many have seen dramatic changes in the number of individuals contributing, from 2% to 80%.
- 6.3.4. EAA understands that many employers who have thought about “opt-out giving” have run into potential legal concerns that have been challenging to navigate and require bespoke contract law advice to navigate. Government is well placed to help employers navigate these issues – real or perceived. It would be low cost for the Government to explore these legal challenges and share findings and recommendations.
- 6.3.5. Government could also consider exploring a range of other nudges that could shape behaviour and contribute towards building norms. One option would be “delayed opt-in” where, for example, an employee could agree to commence giving a certain

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<sup>37</sup> [What Works to Increase Charitable Donations? A Meta-Review with Meta-Meta-Analysis](#)

<sup>38</sup> [Turbo-Charge Workplace Giving Participation with Opt-Out - 1 Million Donors \(1mdonors.org.au\)](#)

percent upon their next pay rise promotion.<sup>39</sup>

## 6.4. Synergy with charity evaluation

- 6.4.1. If the Government is minded to establish, fund or support an Australian charity evaluator, this could synergise with a focus on workplace giving. A current challenge is that workplaces either offer a small selection of options, typically not selected on the basis of impact, or a list of thousands of options without helpful guidance.
- 6.4.2. Instead, highly rated charities could be default recommendations or shortlisted for working place giving schemes when people choose to participate. This no-cost synergy could substantially boost the impact of philanthropy in Australia. As discussed in detail above, an impactful charity can do orders of magnitude more good than the average charity.
- 6.4.3. A further potential synergy is using information from a charity-evaluator combined with data from the giving platform to give employers a tailored report about the impact that their workplace giving program achieved. Impact reports would provide a nudge to employers about the good that they are achieving through their program and to employees to consider joining the program or giving more.

## 6.5. Value of Government data

- 6.5.1. This approach to fostering workplace giving, including a government-operated platform, could create a data-rich environment that would help Government to understand which approaches (such as various kinds of nudges explored at 6.3.) yield the most donations and achieve the highest impact. The extent to which these approaches do shape norms, as well as what conditions lead to the most donations and least churn, would help guide continuous improvement.

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<sup>39</sup> [WP2015-11-Beshears.pdf \(upenn.edu\)](#) - The Effect of the Option to Choose Delayed Savings Rate Increases on Retirement Wealth

## 7. Advocacy

### Summary

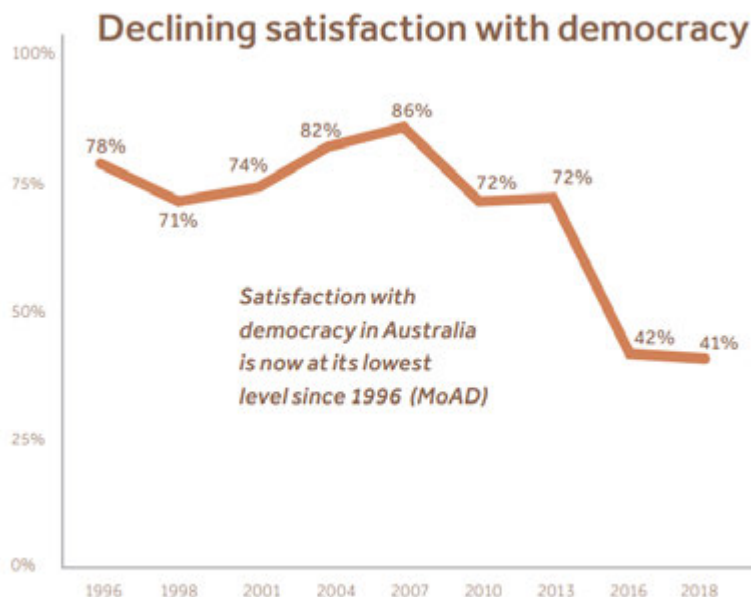
Satisfaction and trust in democracy in Australia are dropping alarmingly, and underperforming many comparable nations. Many younger people do not feel they have a meaningful voice in democracy.<sup>40</sup>

Empowering charities to provide an impactful voice on the issues Australians are passionate about has the potential to help strengthen trust in democracy.

While notionally charities can participate in the policy conversation, narrow DGR criteria make it challenging for charities to work on cause areas like catastrophic disaster mitigation. Excluding charities from having DGR status for a particular purpose de facto removes the voices of individuals that care about that purpose from the policy conversation.

*Terms of reference 2.ii, 3.1, 5 and 6.iii.*

- 7.1. Currently, the construction of DGR criteria tends to exclude charities that pursue their work wholly or in part through advocacy. Not only does this reduce the potential impact of the philanthropic sector, but we think it is a contributing factor towards growing cynicism and mistrust in democracy.
- 7.2. According to Democracy 2025, satisfaction with democracy is at all-time lows, less than half what it was in the mid 2000s:<sup>41</sup>



Source: Democracy2025

<sup>40</sup> [Current government systems rated poorly by many | Pew Research Center Democracy2025-report1.pdf](#)

<sup>41</sup> [Democracy 2025 https://www.democracy2025.gov.au/about.html](https://www.democracy2025.gov.au/about.html)

- 7.3. The influence of lobbyists for big business and special interests on government policy is perceived by many in the Australian community as leading policy decisions to serve narrow agendas rather than the greater good. While we are not of the view that particular voices should be shut out of policy debate, we do believe that the presence of a wider range of voices in the public debate, representing more altruistic concerns, would lead to a less cynical perception among many.
- 7.4. Conceding that EAA does not have expertise in corporate tax minimisation, our understanding is that there are various mechanisms by which lobbying and policy advocacy by for-profit businesses can be made tax-deductible, in Australia and overseas.<sup>42</sup> It seems common sense that, if the for-profit community receives tax benefits for making arguments in favour of higher carbon emissions or constructing weapons of mass destruction, the not-for-profit community should have equal or greater tax benefits in making its own arguments.<sup>43</sup>
- 7.5. In this way, the philanthropic sector has the potential to not only be a voice for good in Australian politics, but also to enhance the democratic voice of those who feel disenfranchised by democratic processes. To draw on an example used above, in the wake of COVID-19, many young Australians are concerned about future and worse pandemics, and want to call for the Government to show domestic and international leadership in pandemic prevention, through initiatives such as discouraging live animals markets and effective regulation of the bioengineer tools that could allow individuals to design pandemic viruses.
- 7.6. Despite a passion for the topic, and the obvious public good that would be served by a voice advocating the prevention of such a catastrophic disaster, there is no funded or organised structure through which people with such a concern could organise, develop mature policy proposals, and engage with governments in a systemic way. A key reason for that is that DGR status is not available for a catastrophic disaster risk reduction charity that wants to do its work in part through advocacy.
- 7.7. Allowing charities with DGR status to have a voice in those conversations will allow them to better add value to the national conversation. Allowing us a voice also empowers us to build connections in our communities and combat cynicism about democracy.

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<sup>42</sup> [Deductions for mining company lobbying cost taxpayers \\$20m a year | Mining | The Guardian Political Disclosures | Lockheed Martin](#)

<sup>43</sup> Note that philanthropic arguments will not necessarily oppose for-profit arguments. For example, many members of the effective altruism community prioritise the prevention of great power conflict and therefore support sensible defence spending aimed at promoting peace and security.